

## Message Text

SECRET

PAGE 01 NEW DE 03279 040759Z

14

ACTION OES-05

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01

SP-02 SS-15 STR-04 TRSE-00 NSCE-00 SSO-00 USIE-00

INRE-00 /086 W

----- 119363

O 040707Z MAR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 4419

S E C R E T NEW DELHI 3279

FOLLOWING REPEAT BOMBAY 551 SENT ACTION NEW DELHI  
4 MAR 76.

QUOTE:

S E C R E T BOMBAY 0551

NOFORN

EO 11652: XGDS

TAGS: ENRG TECH IN

SUBJECT: CONSEQUENCES OF WITHHOLDING NUCLEAR FUEL FROM TARAPUR

1. A WORKING LEVEL SOURCE IN THE INDIAN AEC GAVE ME A COPY OF A  
DRAFT PAPER HE HAS PREPARED ON THE CONSEQUENCES OF THE CONTINUED  
US REFUSAL TO HONOR THE INDIAN REQUESTS FOR EXPORT LICENSES FOR  
NUCLEAR FUEL FOR THE TWIN TARAPUR REACTORS. THE PAPER READS AS  
FOLLOWS AND IS DATED MARCH 3, 1976:

QUOTE: TARAPUR ATOMIC POWER STATION HAS AN INSTALLED CAPACITY OF  
420MWE. TARAPUR STATION MEETS THE NEEDS OF THE STATES OF MAHARASHTRA  
AND GUJARAT AND COMPRISES ABOUT 12 PERCENT OF THEIR TOTAL

SECRET

SECRET

PAGE 02 NEW DE 03279 040759Z

INSTALLED CAPACITY EXCLUDING TARAPUR. AS SUCH, IT IS VERY CLEAR

THAT ANY MATERIAL CHANGE IN THE SCHEDULED OUTPUTS OF THE STATION WILL HAVE AN ADVERSE AFFECT IN FULFILLING THE ELECTRICITY NEEDS OF THE STATES OF MAHARASHTRA AND GUJARAT.

ONE OF THE MAJOR FACTORS TO ENSURE THAT THE STATION OUTPUT IS MAINTAINED, IS THE TIMELY FUEL AVAILABILITY. THE RAW MATERIAL IS THE ENRICHED URANIUM. EN.U. RECEIVED FROM USA UNDER THE BILATERAL AGREEMENT, IS PROCESSED AND FUEL FABRICATED IN INDIA TO FEED THE STATION REQUIREMENT. THE STATION IS ESTIMATED TO REQUIRE AROUND 130-150 FUEL BUNDLES ON AN AVERAGE PER ANNUM. OUR ANNUAL FABRICATION CAPACITY CORRESPONDS TO THIS. THE TIME REQUIRED FOR THE FABRICATION OF A FUEL BUNDLE FROM THE TIME RAW MATERIAL IS MADE AVAILABLE IS ESTIMATED AROUND 9 MONTHS.

TO REDUCE FUEL INVENTORY COSTS, THE EN.U IS SCHEUDULED FOR WITHDRAWALS TO MEET THE FABRICATION PROGRAMME AND TIMELY AVAILABILITY FOR THE STATION REFUELLING NEEDS.

ANY DELAYS, THEREFORE, ADVERSELY AFFECT THE FABRICATION PROGRAMME AND COULD RESULT INTO RUNNING THE STATION AT REDUCED OUTPUTS OR COMPLETELY STOPPING IT. ANY DELAY, THEREFORE, COULD RESULT INTO UNEMPLOYEMENT AND SIGNIFICANT DROP IN AGRICULTURAL AND INDUSTRIAL OUTPUT IN THIS REGION IN ADDITION TO EXCESSIVE DISLOCATION OF OUR FABRICATION SCHEDULES.

IT IS TO BE NOTED THAT THE TARAPUR REACTORS AS PER BILATERAL AGREEMENT WITH THE UNITED STATES GOVERNMENT ARE REQUIRED TO BE NECESSARILY OPERATED ON NO OTHER SPECIAL NUCLEAR MATERIAL THAN THAT MADE AVIALABLE BY THE UNITED STATES. IT IS, THEREFORE, OBLIGATORY ON THE UNITED STATES GOVERNMENT TO SUPPLY ENRICHED URANIUM IN TIME. END QUOTE

2. MY SOURCE SAYS THAT THE PRODUCTION SCHEUDLE IS SO TIGHT THAT EVEN IF THE TWO EXICRT LICENSES NOW BEING WITHHELD WERE HONORED IMMEDIATELY, IT IS DOUBTFUL THAT SUFFICIENT FUEL COULD BE FABRICATED AT THE NFC TO MEET THE REQUIREMENTS OF NEXT WINTER WHEN MAHARASHTRA USUALLY UNDERGOES AN ELECTRICITY SHORTAGE. THE IAEC'S BUDGET IS SO TIGHT THAT THEY HAVE NEVER FELT ABLE TO MAKE THE HEAVY INVESTMENTS REQUIRED TO STOCKPILE EITHER ENRICHED URANIUM OR COMPLETE FUEL BUNDLES. HE ALSO MAKES THE POINT THAT  
SECRET

SECRET

PAGE 03 NEW DE 03279 040759Z

SINCE THEY ARE CONTINUALLY IMPROVING THE TECHNOLOGY FOR THE FUEL RODS, THEY ARE RELUCTANT TO INVEST IN STOCKPILING INVENTORY OF ANY WHOSE PERFORMANCE HAS NOT BEEN PROVEN. IN EFFECT, THEY HAVE NO STOCKPILE AND THEY HAVE NO SURPLUS PRODUCTION CAPACITY THAT WOULD ENABLE THEM TO INCREASE OUTPUT SUBSTANTIALY TO MEET DELIVERY DELAYS.

3. ON TOP OF THIS, OF COURSE, IS THE LESS IMPORTANT POINT THAT

DELAYS IN FUEL SUPPLY INTERRUPT THE PRODUCTION SCHEDULE AND INCREASE PRODUCTION COSTS.

4. POSSIBLY THE MORE SIGNIFICANT POINT IN THE MATTER IS TH ONE ABOUT CONTRACT ABROGATION. MY SOURCE BELIEVES THAT IF WE FAIL TO SUPPLY ENRICHED URANIUM, WE WOULD CLEARLY BE IN VIOLATION OF THE BELATERAL AGREEMENT. CONTINUED NON-PERFORMANCE OVER ANY EXTENDED PERIOED OF TIME WHICH JEOPARDIZED THE OPERATION OF THE TARAPUR REACTORS COULD BE HELD TO RENDER THIS AGREEMENT NULL AND VOID. THAT, OF COURSE, WOULD PERMIT GOI TO SEEK FUEL ELSEWHERE IF POSSIBLE, OR MORE DIRECTLY AGAINST OUR INTERESTS WOULD PERMIT THEM TO REPROCESS THE SPENT FUEL AND USE THE PLUTONIUM AS THEY SAW FIT.

5. AS SETHNA IS OUT OF TWON AND SHAH IS COMPLETELY ENGROSSED IN HANDLING THE PUBLICITY EMANATING FROM THE INTERVENOR'S SUIT IT IS UNLIKELY THAT THE LEAK OF THIS DOCUMENT WAS AN INSPIRED ONE. I BELIEVE THAT MY SOURCE IS GENUINELY CONCERNED THAT SOME PEOPLE IN THE IAEC MAY WISH TO USE THIS DIFFICULTY OVER THE FUEL TO TURN INDIA'S ATOMIC POLICY AWAY FROM COOPERATION WITH THE US AND POSSIBLY TOWARD A MORE RADICAL AND INDEPENDENT LINE.  
COURTNEY

UNQUOTE.  
SAXBE

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NNN

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